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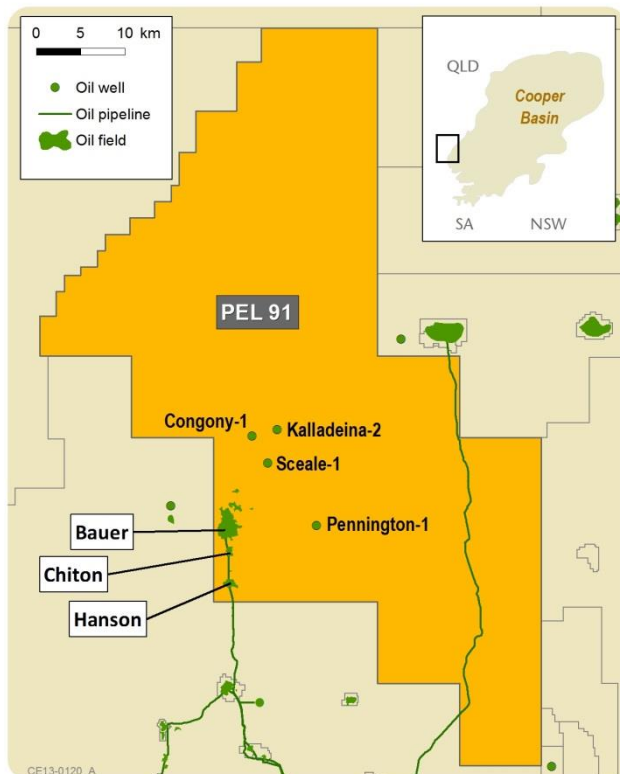
Dear Sir

BAUER-12 SUCCESS WITH 2P RESERVES ADDITION

The Bauer-12 appraisal well has successfully intersected a nine metre oil column, five metres of which is in the Namur Sandstone, delivering an upside preliminary 2P reserve addition of 2.5 million barrels

Beach Energy Ltd (ASX: BPT, "Beach") advises that the Bauer oil field in PEL 91 (Beach 40% and operator, Drillsearch Energy Ltd 60%) has increased in size following the drilling of the Bauer-12 appraisal well.

Bauer-12 was an aggressive step out well, intended to address potential in the McKinlay Member and the prolific Namur Sandstone. The well intersected the primary Namur Sandstone target three metres high to prognosis, with five metres of net oil pay. An additional four metre oil bearing interval was also intersected in the overlying McKinlay Member.



These results have extended the areal extent of the field, with preliminary mapping adding 2.5 million barrels to the 2P reserves of Bauer. As a result, Bauer-12 will be cased and suspended as a future oil producer.

Bauer is the largest field on the Western Flank of the Cooper Basin and is producing from eight wells in both the McKinlay and Namur reservoirs, with three further wells yet to come on line.

Production from Bauer is currently in excess of 13,000 barrels per day (gross). With the flowline from Bauer to Lycium having a capacity of up to 10,500 barrels of oil per day, there are currently around seven trucks operational to ensure all production is delivered to the Moomba facility.



Reg Nelson, Beach Managing Director, said “The Bauer oil field is one of the great discoveries that Beach has made, with the field producing above expectations for some time now. Beach has an active forward drilling program in this part of the basin, with a further nine wells in our operated permits expected to be drilled prior to 30 June.”

“For over ten years we have been successful with exploration and development of our oil business on the Western Flank. With 3D seismic covering a significant portion of the region, and a number of prospects and leads from this seismic, we anticipate success to continue for many years to come.”

Following the completion of the evaluation program, the Ensign 930 rig will be moved to the Bauer-13 development well, which is located approximately 1.4 kilometres to the south east of Bauer-12.

Yours sincerely,



Reg Nelson
Managing Director, FAusIMM

For more information contact:

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The reserve information contained in this release was estimated using a deterministic methodology and the evaluation is current as at the date of this release. This report is based on information compiled by Tony Lake (Reservoir Engineering Manager). Mr Lake has a BE (Mech) degree from the University of Adelaide and is a member of the Society of Petroleum Engineers (SPE). Mr Lake has consented in writing to the inclusion of this information in the format and context in which it appears.